



Funding Systems Railcars, Inc.

TRI-STATE CENTER • SUITE 370 • 2215 SANDERS RD. • NORTHBROOK, IL 60062 • (312) 272-8350

85706000
W.C.M. No.

RECORDATION NO. 10071-B
Filed 1425

APR 2 1981 -3 15 PM
INTERSTATE COMMERCE COMMISSION

LETTER OF TRANSMITTAL

Secretary of the Interstate
Commerce Commission
Constitution and 12th Street, N.W.
Washington, D.C. 20423

RECORDATION NO. 10071-C
Filed 1425

APR 2 1981 -3 15 PM

No. APR 02 1981
Date.....
Fee \$ 60.00
ICC Washington, D. C.

Dear Sir:

INTERSTATE COMMERCE COMMISSION

1-092A124

Pursuant to Part 1116 of the regulations of the Interstate Commerce Commission, 49 CFR Part 1116, I hereby request that you record under 49 U.S.C. §11303 the following documents:

1. Equipment Lease dated as of January 1, 1981 between The Connecticut Bank and Trust Company, not in its individual capacity but solely as Trustee, and Funding Systems Railcars, Inc.
2. Security Agreement - Trust Deed Supplement dated as of January 1, 1981 between The Connecticut Bank and Trust Company, not in its individual capacity but solely as Trustee, and Continental Illinois National Bank and Trust Company of Chicago, not in its individual capacity but solely as Security Trustee (Supplement to Security Agreement Trust Deed filed and recorded on February 2, 1979 as Doc. No. 10071.

The original and one counterpart of each of the above-listed documents are enclosed herewith for filing purposes.

Lessee

Funding Systems Railcars, Inc.
Tri-State Center, Suite 370
2215 Sanders Road
Northbrook, Illinois 60062

Charles J. Cullen

RECEIVED
APR 2 2 56 PM '81
F.C.C. REGISTRATION

Lessor

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

The equipment covered by the aforesaid Lease and Security Agreement Supplement is 215 covered hopper cars. The A.A.R. mechanical designation of the equipment is "LO" and the car numbers are ROCK 801285 to ROCK 801499, both inclusive.

The original and all extra copies of the enclosed documents should be returned to Mr. Gearold Knowles of Schiff Hardin & Waite, 1101 Connecticut Avenue, N.W., Washington, D.C. 20036.

A \$60.00 check, payable to the Interstate Commerce Commission, also is enclosed to cover the required recordation fee.

I am an officer of Funding Systems Railcars, Inc., and have knowledge of the matters set forth herein.

Very truly yours,

FUNDING SYSTEMS RAILCARS, INC.

By  _____

Dated: March 26, 1981

Interstate Commerce Commission
Washington, D.C. 20423

4/2/81

OFFICE OF THE SECRETARY

Gearold Knowles
Schiff, Hardin & Waite
1101 Connecticut Avenue
Washington, D.C. 20036

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **4/2/81** at **3:15pm**, and assigned re-recording number(s). **10071-B & 10071-C**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

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Exhibits

A	Description of Equipment
B	Certificate of Acceptance
C	Lease Supplement
D	Schedule of Casualty Values
E	Security Agreement Supplement
F	Note Purchasers

EQUIPMENT LEASE

THIS EQUIPMENT LEASE ("this Lease" or "Equipment Lease") dated as of January 1, 1981, between THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely as trustee (the "Lessor") under a Trust Agreement dated as of November 15, 1978 (the "Trust Agreement"), with HELEASCO SIX, INC., a Delaware corporation (the "Trustor"), and FUNDING SYSTEMS RAILCARS, INC., a Delaware corporation (the "Lessee");

RECITALS:

A. Lessor is the owner of certain items of railroad equipment described in Exhibit "A" hereto, and such equipment is subject to the lien and security interest granted to Continental Illinois National Bank and Trust Company of Chicago as Security Trustee (the "Security Trustee") for The Prudential Insurance Company of America, Bankers Life Insurance Company of Nebraska, American Mutual Life Insurance Company, American Life and Casualty Insurance Company and Southern Life & Health Insurance Company (the "Note Purchasers") as evidenced by a certain Security Agreement - Trust Deed dated as of November 15, 1978, between Lessor and the Security Trustee (as supplemented pursuant to an agreement dated as of January 1, 1981 (the "Security Agreement")).

B. The items of railroad equipment described in Exhibit "A" were originally leased to William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Former Lessee") under a lease dated as of November 15, 1978 ("Former Lease"), which has been terminated by a Termination Agreement, dated as of May 29, 1980, approved by the Honorable Frank J. McGarr in In The Matter of Chicago, Rock Island and Pacific Railroad Company, No. 75 B 2679, in the United States District Court for the Northern District of Illinois Eastern Division (the "Rock Island Reorganization Proceedings") by order dated June 2, 1980.

C. The Lessee desires to lease from Lessor and Lessor desires to lease to Lessee the items of railroad equipment listed in Exhibit "A" attached hereto (collectively, the "Equipment" and individually an "Item" or "Item of Equipment") upon the terms and conditions provided hereinafter.

SECTION 1. DELIVERY, REPAIR, AND LEASE OF EQUIPMENT.

1.1 Delivery. Lessor shall use its best efforts immediately after the execution of the Lease to locate and recover each Item of Equipment from the Former Lessee, but Lessor shall have no liability to Lessee for Lessor's failure to locate or deliver any such Item under the Lease. Lessor hereby authorizes Lessee as Lessor's agent to receive such Equipment from the Former Lessee and to recover any Item of Equipment wherever it can be found and further to deliver such Equipment to repair shops of Lessee's selection, which shall in all cases

have the approval of the American Association of Railroads ("Repair Shops"). Lessor will issue to Lessee and cause the Former Lessee to issue such further letters of direction and confirmations of Lessee's authority to act as Lessor's agent as Lessee shall require consistent herewith. Lessee represents and warrants that it shall fairly and diligently fulfill its obligations as Lessor's agent hereunder.

1.2 Transportation Charges. Lessee will inspect each Item upon the delivery to a Repair Shop.

(a) If Lessee determines upon such inspection that any Item of Equipment is irreparably damaged or permanently unfit for the use intended hereunder, then Lessee shall give Trustor and Security Trustee immediate notice thereof together with the report of Lessee's inspector, and such Item shall be excluded from the Lease ("Excluded Items"). Trustor will be responsible for all transportation, storage and other charges associated with any Excluded Items.

1.2 (b) If Lessee determines upon such inspection that any Item of Equipment is undamaged and otherwise acceptable for the use intended hereunder except for Cosmetic Repainting as defined hereafter, then Lessee shall be responsible for the transportation and other charges incurred in moving such Item to the Repair Shop. Nevertheless, all storage, switching and other charges that relate to positioning any Item prior to the time it commences moving to a Repair Shop ("Positioning

Charges") shall be, as between Trustor and Lessee, the responsibility of Trustor.

1.2 (c) If Lessee determines upon such inspection that any Item of Equipment is damaged but can be repaired and made acceptable for the use intended hereunder, then Trustor shall be responsible for the transportation, storage and other charges incurred in moving such Item to the Repair Shop and thereafter until the date of Lessee's Certificate of Acceptance, if and only if Repair Charges as defined hereafter, excluding Cosmetic Repainting, exceed One Hundred Dollars (\$100). In either event Trustor shall be, as between Trustor and Lessor, responsible for all Positioning Charges.

1.3 Repair Charges.

(a) Trustor shall be responsible for all authorized Repair Charges as described hereinafter incurred at any Repair Shop for any Item of Equipment prior to the issuance by Lessee of its Certificate of Acceptance ("Repair Charges"). Lessee, as Lessor's agent, may execute all work orders with the Repair Shops without further confirmation of authority hereunder, except that Lessee as Lessor's agent will not, without Trustor's prior consent, execute any work order or otherwise authorize the repair of any Item when the estimated charges for such repair work exceed One Thousand Dollars (\$1,000). Trustor's consent or refusal to consent shall be given within two business days of Lessee's request for confirmation, and

failing any response to Lessee within such time, Trustor shall be deemed to have approved the requested repair.

1.3 (b) Repair Charges shall include the repainting charges for the damaged portion of any Item of Equipment, but shall exclude further Cosmetic Repainting of such Item as defined hereinafter. Cosmetic Repainting shall mean and include (i) the repainting of any Item of Equipment while it is in a Repair Shop prior to issuance by Lessee of its Certificate of Acceptance, which repainting is not required by damage thereto, and (ii) the painting at that time of names, initials, logos, road numbers or other insignia customarily used by the Lessee or a prospective sublessee under a sublease which meets all the requirements of Section 17.3 hereof, and (iii) up to two (2) hours cleaning upon delivery of an Item of Equipment to the Repair Shop. The Lessee will not authorize the repainting of an entire Item of Equipment unless such repainting is specifically requested by a sublessee or is otherwise rendered reasonable upon consideration of the repainting required by repair, and in such case an appropriate allocation shall be made between Repair Charges and Cosmetic Repainting.

1.3 (c) The Trustor shall, upon receipt of an invoice for the costs of Cosmetic Repainting promptly pay for the Cosmetic Repainting up to an amount not in excess of \$600 per Item. Any Cosmetic Repainting costs in excess of \$600 per Item shall be at the sole cost and expense of the Lessee. In consideration

for the undertaking of the Trustor to pay for Cosmetic Repainting, Lessee hereby agrees to pay the Lessor additional rental in advance for each Item on each date for the payment of Basic Rental set forth in Section 2.2 of the Lease equal to \$6.85 for each month in the rental period ("Additional Rent"). If the total charges for Cosmetic Repainting actually paid by Trustor are less than \$600 per Item, Lessee's obligation to pay this Additional Rent shall be reduced proportionately. Whenever an invoice from a Repair Shop includes repainting charges, Lessee as Lessor's agent will request that such invoice describe the repainting so that the parties hereto can make the necessary allocation of charges hereunder. Additional Rent shall be Basic Rental for all purposes under the Lease.

1.4 Acceptance Period. Lessee shall have no obligation to accept any Item for lease hereunder unless such Item shall have been delivered to a Repair Shop within the Acceptance Period. The Acceptance Period shall mean the first four months after the execution of this Lease unless at least 75 percent of the maximum number of Items which may be covered hereby have been delivered to Repair Shops within such four months or are then in a position from which they can be immediately moved to Repair Shops, in which case the Acceptance Period shall be one year from the date of execution of this Lease. Subject to the consent of the Security Trustee, Lessor will offer to lease any additional Items of Equipment recovered

subsequent to the Acceptance Period to the Lessee under and pursuant to the terms of the Lease before otherwise disposing of such Items.

1.5 Inspection. Lessee shall cause each Item delivered pursuant hereto to be promptly inspected upon advice from the Repair Shop that such Item has been repaired and repainted as required. Upon inspection, if the repair and repainting are found to be acceptable to Lessee and the Lessee's possession is not precluded by any other person, firm or organization, the Lessee shall sign, date and deliver to Lessor a Certificate of Acceptance for such Item in the form attached hereto as Exhibit B, and thereupon the Item shall be leased hereunder and the rental and all other obligations of the Lessee otherwise provided for herein shall commence. To accomplish the inspection and acceptance of Items as herein provided, during the first four months, Lessee shall cause its duly authorized representative to visit each Repair Shop at least twice during each monthly period provided there are Units available for inspection. Thereafter during the Acceptance Period, Lessee shall visit a Repair Shop for the purpose of inspecting and accepting any Item under the Lease not later than 45 days after the Repair Shop shall have advised Lessee that such Item is ready or whenever at least five Items are ready for acceptance at the Repair Shops, whichever shall first occur. Nothing herein shall preclude the Lessee from accepting any Item at an earlier time. In the

event of any dispute regarding any amount due to Lessee under this Section 1, Lessee acknowledges and agrees that Lessee shall have no right to set off the amount of such disputed item from the rental due for any Equipment for which a Certificate of Acceptance has been issued hereunder.

1.6 Lessee's Satisfaction with Equipment; Conformance with Specifications and Requirements. The issuance of the Certificate of Acceptance by the Lessee for each Item of Equipment shall, without further act, irrevocably constitute acceptance by Lessee of such Item of Equipment for all purposes of this Lease and shall conclusively establish as between Lessee and Lessor that such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition, ordinary wear and tear excepted, and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards required or recommended by the Association of American Railroads applicable to railroad equipment qualified for interchange of the character of the Equipment as of the date of this Lease. By such acceptance, the Lessee represents that it has no knowledge of any such defect. From and after the date of the Certificate of Acceptance,

Lessee shall be responsible for and shall be obligated to Lessor for any Item accepted which is not actually in good order and in conformance with this Section 1.6 and the other requirements of this Lease relating to the condition or use of such Item.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1 Net Lease. This Lease is a net lease and the Lessee's obligations to pay all Interim Rental and Basic Rental (as hereinafter defined) and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due to any present or future claims of the Lessee against the Lessor or the Trustor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or for any other cause

whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

Lessor represents and warrants that it has obtained a final order (i.e., one as to which no appeal has been taken prior to the expiration of the time allowed for appeal) of the court having jurisdiction over the Rock Island Reorganization

Proceedings, authorizing relinquishment of the Equipment to the Lessor. Notwithstanding any other provision of this Lease to the contrary, if the Lessee or any sublessee of Lessee permitted hereunder shall lose possession of any Item of Equipment, or shall have the use of such Item of Equipment effectively enjoined or otherwise prohibited, or shall lose any rentals or other payments in respect of such Item of Equipment (the date of such event hereinafter referred to as the "Termination Date"), and any of the foregoing is a result either of the Lessor's failure to obtain such final order or a result of actions by (i) the Former Lessee, (ii) any person, firm or organization (the "Person") (x) in control or possession of such Item of Equipment prior to its acceptance by Lessee hereunder, (y) with a claim of interest in respect of such Item of Equipment which arose prior to its acceptance by Lessee hereunder, or (z) whose basis for claim in such Item of Equipment is connected with events occurring prior to its acceptance by Lessee hereunder, or (iii) any party claiming through or under the Former Lessee or Person, this Lease shall terminate as to such Item of Equipment on the Termination Date. Thereafter, the Lessee shall have no further obligation under this Lease for such Item of Equipment except the obligation to pay all rent accrued hereunder to the Lessor through and including the Termination Date.

2.2 Rentals for Equipment.

(a) With respect to each Item of Equipment subject to this Lease, except an Item of Equipment accepted by Lessee subsequent to June 15, 1981 (the "Basic Lease Commencement Date"), the Lessee agrees to pay the Lessor an interim rental equal to \$11.83 per day (the "Interim Rental") for the period, if any, from the date of the Certificate of Acceptance for such Item to, but not including, June 15, 1981. The Interim Rental shall be paid monthly in advance on the fifteenth day of each month, except that the first Interim Rental for any Unit other than a Unit accepted on the fifteenth day of a month shall be paid in arrears. From and after June 15, 1981, Lessee shall pay eighty (80) quarterly installments in advance of basic rental (the "Basic Rental") for each Unit under the Lease: (i) 24 consecutive quarterly installments of rental of \$1,065, due and payable on June 15, 1981, and on the fifteenth day of each September, December, March and June thereafter, to and including September 15, 1986; (ii) 16 consecutive quarterly installments of rental of \$1,170, due and payable on December 15, 1986, and on the fifteenth day of each March, June, September and December thereafter, to and including September 15, 1990; and (iii) 40 consecutive quarterly installments of rental of \$1,350, due and payable on December 15, 1990, and each March, June, September and December thereafter, to and including March 15, 2001.

2.2 (b) With respect to each Item of Equipment accepted by Lessee subsequent to the Basic Lease Commencement Date, the Lessee agrees to pay the Lessor, (i) on the first day of each month for each Item of Equipment accepted by Lessee on or prior to the 25th day in the preceding month the prorated Basic Rental due with respect thereto which shall accrue at the rate of \$11.83 (plus a daily factor for the Additional Rent under Section 1.3) for each day in the period, if any, from the date of such acceptance of such Item of Equipment until the date on which the next installment of Basic Rental is due pursuant to Section 2.2(a) hereof, and (ii) on each remaining date for the payment of Basic Rental pursuant to Section 2.2(a) hereof, an amount equal to the Basic Rental set forth in Section 2.2(a) hereof. Each payment pursuant to clauses (i) and (ii) of this Section 2.2(b) shall be Basic Rental for all purposes of this Lease.

2.2 (c) If any of the rental payment dates is not a business day, the rental payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois are authorized or required to close.

2.3 Place of Rent Payment. The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make,

all the payments (other than payments under Sections 6, 10.2, 11.1 and 21 hereof) due the Lessor provided for in this Lease, including but not limited to all payments provided for in Sections 2.2 and 11 hereof, to the Security Trustee, for the account of the Note Purchasers, in immediately available funds, at the office of the Security Trustee, 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department, on the date due, until the Lessee shall have been given timely and effective notice by the Security Trustee to pay to the Lessor or as directed by the Lessor in immediately available funds at such place as the Lessor shall specify in writing.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the Certificate of Acceptance for such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate as to such Item of Equipment 20 years following the Basic Lease Commencement Date on June 15, 2001. The obligations of the Lessee under Sections 6, 10.2, 11, 13, 21 and 24.2 of this Lease will survive the expiration of the term of this Lease with respect to each Item of Equipment.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to

and possession and use thereof by the Lessee. If an event of default should occur as provided in Section 14 hereof, the Security Trustee may exercise all rights of the Lessor hereunder to terminate this Lease and otherwise as provided herein.

4.2 Duty to Number, Mark and Repaint Equipment.

(a) The Lessee will not place any Item of Equipment into operation until it has, at its own expense, (i) caused each Item of Equipment to be numbered with the new identifying number and executed and delivered to Lessor and the Security Trustee a supplement to this Lease in the form attached hereto as Exhibit "C" (the "Lease Supplement") certifying the new road number (the "New Number") of each Item leased hereunder, and (ii) unless already so marked, caused each Item of Equipment to be marked plainly, distinctly, permanently and conspicuously by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height, the following legend:

"Owned by a Bank or Trust Company and
Subject to a Security Interest Recorded
with the I.C.C.".

The Lessee will cause the above marking to be plainly, distinctly and conspicuously maintained with appropriate changes thereof and if notified by Lessor to do so, will make such additions thereto as from time to time may be required in law in order

to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof, including, but not limited to, the Security Trustee, and will replace or cause to be replaced promptly upon notice of such problem any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the New Number of any Item of Equipment set forth in a Lease Supplement unless (i) a statement of new number or numbers to be substituted therefor shall have been delivered to the Lessor and the Security Trustee by the Lessee and duly filed, recorded or deposited in all public offices where this Lease and Security Agreement shall have been filed, recorded or deposited, and (ii) the Lessee shall have furnished the Lessor, Note Purchasers and the Security Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited; such filing, recordation and deposit will protect the Lessor's and the Security Trustee's interests to the extent possible under the law, in such Items in the United States and Canada; and no other filing, recording, deposit or giving of notice is necessary to protect the interests of the Lessor and the Security Trustee.

4.2 (b) The Lessee will cause each Item of Equipment to be painted with the names, initials, logo or other insignia customarily used by the Lessee or sublessee (under a sublease meeting the requirements of Section 17.3 hereof) on railroad

equipment used by it or any such sublessee of the same or similar type. Lessee will deliver to Lessor, Trustor and Note Purchasers on August 15, 1981, a report with respect to all Equipment and the then current identification thereon. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, EACH EXPRESSLY DISCLAIM-ING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, THE TITLE THERETO, OR THE LESSOR'S INTEREST THEREIN, THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR ANY OTHER MATTER WHATSOEVER EXCEPT AS SET FORTH IN SECTION 23 (c) AND (d) HEREOF, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR, THE TRUSTOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the

Lessor may have against the manufacturer of the Items of Equipment or supplier or vendor in connection therewith (the "Manufacturer"), provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. In the event that Lessee as Lessor's agent, as provided in this Section, shall recover any monetary damages for the account of Lessor, then provided no Event of Default shall then exist hereunder and Lessor shall have received such damages, Lessor shall reimburse Lessee for its costs and expenses incurred to effect such recovery, pro rata based upon the portion of the award actually received by Lessor, and in no event exceeding such amount. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by an inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages except if such occurs as a result of the actions set forth in the last paragraph of Section 2.1, it being understood that recovery for any of the foregoing shall be limited to the Trust Estate subject to the interest of the Security Trustee; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. Notwithstanding anything to the contrary contained in this Section or Section 5 to the contrary, Lessee's

obligations to pay rent and other amounts hereunder shall abate and this Lease shall terminate as to any Item of Equipment under the circumstances described in Section 2.1 hereof.

SECTION 6. LESSEE'S INDEMNITY.

(a) The Lessee shall protect, indemnify and hold the Lessor (in both the individual and fiduciary capacities), the Trustor, the Security Trustee and the Note Purchasers, and their respective successors, assigns, agents and servants (hereinafter referred to as "Indemnified Persons") as third party beneficiaries hereof, from and against any and all claims or causes of action, (and the damages thereunder including costs, expenses and penalties), of any nature whatsoever which may be asserted against any Indemnified Person (including, without limitation, attorneys' fees and expenses) in any way relating to or arising or alleged to arise out of this Lease or the use, control or ownership of the Items of Equipment during the term of this Lease (except those which relate to acts or omissions of Lessor or Indemnified Person or otherwise to the entering into of this Lease by such persons) including, without limitation, those in any way relating to or arising or alleged to arise out of (i) the lease, sublease, acceptance, delivery, repair, possession, use, operation, condition, return or other disposition of any Item of Equipment; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patents, trademark or copyright infringement due to

acts of the Lessee or any sublessee; (iv) any claims based on strict liability in tort or imposed by statute; (v) any injury to or the death of any person or any damage to or loss of property on or near the Items of Equipment or in any manner growing out of or concerned with or alleged to grow out of or be connected with, the ownership, use, leasing, replacement, adaptation or maintenance of the Items or of any other Equipment in connection with the Items (whether owned or under the control of the Lessor, the Lessee or any other person), or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation (except one which arises out of the entering into of this Lease by Lessor) of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Items or the leasing, subleasing, ownership, use, replacement, adaptation or maintenance thereof; or (vii) any claim arising both out of (a) the Security Trustee's holding a security interest under the Security Agreement and (b) the actions of the Lessee or anyone claiming by, through or under the Lessee.

6. (b) All payments under this Section 6 shall be made directly to the Indemnified Person. The Lessee shall be obligated under this Section 6, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnifica-

tion may proceed directly against the Lessee under this Section 6 without first resorting to any such other rights of indemnification. However, if such Indemnified Person actually receives indemnification from a third party, Lessee's obligations under this Section 6 will be reduced by the amount of such payment. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may, and upon such Indemnified Person's request, will, unless the Lessee elects to satisfy such claim, at the Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, such approval not to be unreasonably withheld, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all reasonable costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this Section 6, the Lessee shall pay or cause to be paid to such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of its receipt thereof under the laws of the United States or of any state or local authority, shall be equal to the amount of such payment. Upon the payment in full of, or the making of provision satis-

factory to the Indemnified Person for the full payment of, any indemnities as contained in this Section 6 by the Lessee, and provided that no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Provided no Event of Default shall then exist hereunder, any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this Section 6 shall be promptly paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

6. (c) The indemnities contained in this Section 6 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by any Indemnified Person. None of the indemnities in this Section 6 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or the Lessor therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the

benefit thereof or otherwise. The indemnity set forth in this Section 6 shall apply without regard to any negligence on the part of the Lessor, the Trustor, the Security Trustee, or the Note Purchasers. It is understood that the indemnities and assumptions of liability set forth in this Section 6 do not guarantee a residual value on the Equipment, nor do they guarantee the payment of the Notes or any interest accrued thereon.

SECTION 7. RULES, LAWS AND REGULATIONS; ALTERATIONS.

The Lessee agrees to comply with all applicable governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the interchange rules of the Association of American Railroads as the same may be in effect from time to time) with respect to the use, operation and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements or modifications at its own expense and title thereto shall be immediately vested in the Lessor. If such alterations are economically infeasible, Lessee may choose to treat such Item as being lost in a Casualty Occurrence for all purposes of this Lease. The Lessee agrees that, within thirty (30) days after the close of any calendar quarter

in which the Lessee has completed any alteration, replacement, addition or modification to any Item of Equipment pursuant to this Section 7 (the "Alterations"), the Lessee will give written notice thereof to the Lessor and the Security Trustee describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made.

SECTION 8. USE AND MAINTENACE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, qualified for use in interchange. The Lessee hereby acknowledges that the Equipment is intended to be used primarily in grain service and the Lessee shall not permit the Equipment to be used in any service incompatible with the future use of the Equipment in grain service. Except as required by Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written consent of the Lessor and any assignee pursuant to Section 16 hereof. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately

vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Items of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim the basis of which arises on or during the term of the Lease (and not relating to actions or events which occurred prior to the date of acceptance by Lessee of an Item and not those arising in connection with any assignment by Lessor) and which if unpaid might become a lien, charge, security interest or other encumbrance upon or against any Item of Equipment; but this Section 9 shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided

that such contest will not materially endanger the rights or interests of the Lessor or of the Security Trustee and the Lessee shall have furnished the Lessor and the Security Trustee with an opinion of counsel reasonably satisfactory to the Lessor and the Security Trustee to such effect. If the Lessee does not forthwith pay and discharge, or cause to be paid and discharged, or make adequate provisions for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section 9, the Lessor or the Security Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Lease and the Security Agreement until reimbursed by the Lessee.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1 Filing. The Lessee will, prior to its use of any Item of Equipment, cause this Lease and the Security Agreement, to be duly filed, recorded or deposited with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 and with the Registrar General of Canada (with notice of such deposit to be published in The Canada Gazette in accordance with Section 86 of the Railway Act of Canada), and in such other places within or without the United States as the Lessor, the Security Trustee or any Note Purchaser shall request, and the Lessee will furnish the Trustor and the Security Trustee with proof of any such filing. The Lessee will, from time to time, do and perform

any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further supplements or amendments hereto and other instruments required by law or reasonably requested by the Lessor, the Security Trustee or any Note Purchaser, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, or the Lessor's leasehold estate in, any Item of Equipment to the satisfaction of the Lessor's, such Note Purchasers's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Trustor, such Note Purchaser and the Security Trustee proof of such filings and an opinion of the Lessee's counsel that such instrument is properly filed or recorded so as to make effective of record the interest created by said instrument. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2 Payment of State and Local Taxes.

(a) All payments to be made by the Lessee hereunder will be free of expense to the Lessor (in both its individual and fiduciary capacities), any assignee thereof pursuant to Section 16 hereof including, without limitation, the Security Trustee, the Note Purchasers, and the Trustor (the "Indemnitees")

of collection or other charges and will be free of expense to the Indemnitees with respect to the amount of any local, state, Federal or foreign taxes (other than any tax imposed by Section 531 or 541 of the Internal Revenue Code of 1954, as amended (the "Code") or any United States Federal income tax [and, to the extent that any respective Indemnatee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnatee] payable by any respective Indemnatee in consequence of the receipt of payments provided herein and other than the aggregate of all net income or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which such Indemnatee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees and any charges, fines or penalties in connection therewith hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (hereinafter called "Impositions") all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be

imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnatee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnatee therein or result in a lien upon any such Item of Equipment. The Lessee shall have the right to contest the validity of any Imposition upon giving the Indemnitees at least 20 days' notice of its intention to contest the same and making and thereafter maintaining with the Lessor a deposit of cash or government securities in an amount sufficient, in the reasonable opinion of the Indemnitees, to pay or discharge or to assure compliance with the matter under contest in the event of a final determination thereof adverse to the Lessee or in the event the Lessee fails to prosecute such contest as herein required. The Lessee agrees to prosecute any such contest diligently and by appropriate legal proceedings which will prevent the enforcement of the matter under contest. On final disposition of such contest, any cash or securities in the Lessor's hands pursuant to this Section 10.2 not required to pay, discharge or assure compliance with the matter contested shall be returned promptly by the Lessor to the Lessee; provided that, if the Lessee is, at the time of such final disposition, in default in the payment of any other liability under this Lease, such proceeds may be applied

against such liability. If any Impositions shall have been charged or levied against any Indemnatee directly and paid by such Indemnatee after such Indemnatee shall have given written notice thereof to the Lessee, the Lessee shall reimburse such Indemnatee within ten business days after such notice. Prior to making such payment, such Indemnatee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest such Impositions, at its sole expense, in accordance with the terms of this Section.

10.2 (b) In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnatee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnatee and deliver the same to each Indemnatee within a reasonable period prior to the date the same is to be filed.

10.2 (c) In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence), which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the

expiration or termination of this Lease for any reason whatsoever, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1 Insurance.

(a) The Lessee agrees that it will at all times during the term of this Lease and during any return and storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by railroad companies on similar equipment owned by them at an amount (the "Required Amount") equal to the greater of the fair market value or the Casualty Value (as defined below) of such Item of Equipment as of the next following date of payment of said Casualty Value and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$20,000,000 in the aggregate in any single occurrence. All such insurance shall cover the interest of the Lessor, the Lessee, the Trustor and the Security Trustee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee, the Trustor and the Security Trustee in respective risks arising out of the condition, maintenance, use, ownership, leasing and operation of

the Equipment and shall provide that losses, if any, in respect to the Equipment shall up to the Required Amount be payable to the Lessor; provided, however, that such insurance on the Equipment shall provide that the losses, if any, shall be payable to the Security Trustee under a standard mortgagee loss payable clause satisfactory to the Lessor, the Note Purchasers and the Security Trustee. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation shall be given to the Security Trustee, the Trustor, the Note Purchasers and the Lessor and that such insurance as to the interest of the Lessor, the Trustor or the Security Trustee therein shall not be invalidated by any act or neglect of the Trustor, the Lessor or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. No such policy shall require co-insurance. The loss, if any, shall be adjusted only with the approval of the Lessor and the Security Trustee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease. The Lessee shall further furnish the Lessor, the Note Purchasers and the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance

required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effective with insurance companies approved by the Lessor, the Security Trustee and the Note Purchasers, which approval shall not be unreasonably withheld.

11.1 (b) The proceeds of any property insurance received by the Lessor, the Trustor or the Security Trustee will be paid to the Lessee either (i) in the event of a partial destruction of any Item of Equipment, upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing or restoring the Item of Equipment which has been damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair or restoration), or (ii) with respect to an Item of Equipment which has suffered a Casualty Occurrence, upon and to the extent that Lessee shall have previously paid the Required Amount; provided that, if the Lessee is in default in the payment of any other liability of the Lessee to the Lessor hereunder, all such proceeds may be applied against such liability. If the Lessee elects to insure for more than the Required Amount, the excess of any insurance proceeds over such Required Amount shall be promptly paid to Lessee by the Lessor provided no event of default shall then exist hereunder.

11.2 Payment for Casualty Occurrences. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, irreparably damaged, condemned, seized or permanently rendered unfit for use from any cause whatsoever during the term of this Lease or while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or Section 15 hereof, or title or use thereof shall be requisitioned by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (such occurrence being hereinafter referred to as "Casualty Occurrences"), the Lessee shall promptly and fully notify or cause to be notified (after the Lessee has knowledge of such Casualty Occurrence) the Lessor and the Security Trustee with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date) the Lessee shall pay or cause to be paid to the Lessor an amount equal to the Casualty Value (as hereinafter defined), of such Item as of such payment date plus, in the case of any payment made on June 15, 1981, the interim rental payment due on said date. Upon the making of such payment by or on behalf of the Lessee in respect of any Item, the rental for such Item shall cease to accrue as of the date of such payment, the term of this Lease as to such

Item shall terminate and (except in the case of the loss, theft or complete destruction of such Item), the Lessor shall be entitled to recover possession of such Item. If the date of the Casualty Occurrence is within the last quarterly rental period provided for hereunder, then the Casualty Value shall be paid on the fifteenth day after the end of the term of this Lease, and in addition to paying the Casualty Value for such Item, Lessee shall pay or cause to be paid interest thereon from the end of such term to the date of such payment at the posted prime rate of interest which Continental Illinois National Bank and Trust Company of Chicago charges on the date of such payment.

11.3 Casualty Value. Except as provided in Section 21.6 hereof, the Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to the amount set forth in the Schedule of Casualty Values attached hereto as Exhibit "D" opposite such date of payment; provided, however, that if the Casualty Value for any Item as of such payment date specified in Exhibit "D" reflects an amount representing recapture of tax benefits that is greater or lesser than the actual amount of recapture incurred by the Trustor as a result of the Casualty Occurrence to such Item, the Casualty Value for such Item shall be appropriately decreased or increased to reflect the actual amount of recapture incurred.

11.4 Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence not involving a requisition of title by a governmental authority as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, so long as no Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition up to but not exceeding the sum of (a) reasonable costs and expenses incurred by Lessee in such disposition plus (b) the amount of Casualty Value previously paid by Lessee. Any excess shall be remitted to the Lessor.

Any damages received by Lessee or Lessor for a Casualty Occurrence involving requisition of title shall be paid to the Lessee up to an amount equal to the sum of (a) the Casualty Value paid by Lessee and (b) interest thereon from the date of payment at the posted prime rate referred to in Section 11.2 hereof.

11.5 Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date of the Certificate of Acceptance and continu-

ing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment have been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership has been transferred to the purchaser of such Item or the salvage thereof. The foregoing provision notwithstanding, if Lessee's continued possession is caused solely by Lessor's unreasonable delay in transferring title, the risk of loss and liabilities incident to ownership shall be shifted to the Lessor.

11.6 Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking, but not beyond the expiration of the term of this Lease or any extension thereof. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession, provided no Event of Default shall have occurred and be continuing. If at the end of the then current term of this Lease any Item of

Equipment is then held by any governmental authority under the power of eminent domain or otherwise and this Lease shall not then be renewed pursuant to Section 18 hereof, from and after such date the Lessor shall be entitled to receive and retain all sums payable by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS.

12.1 Duty of Lessee to Furnish. On or before the first April 1 which occurs more than four months following the date of this Lease and annually thereafter, the Lessee will furnish to the Trustor, the Security Trustee and Note Purchasers a certificate signed by Lessee's president (the "Officer's Certificate"), as of the preceding December 31, (i) showing the amount, description and numbers of the Items of Equipment then leased hereunder, (ii) the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and specifying the dates of such Casualty Occurrence, and such other information regarding the condition or repair of the Equipment as the Lessor, the Security Trustee or Note Purchasers may reasonably request, (iii) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced, (iv) the information regarding sublessees

required by Section 17.3, (v) confirming that the Equipment has been maintained so as to assure compliance with the requirements of Section 8 of this Lease and identifying the Items of Equipment out of service and the reasons thereof at the end of such annual period, and (vi) confirming that there exists no Event of Default under this Lease, or, if any such Event of Default exists, specifying the nature thereof, the period of existence thereof and what action the Lessee proposes to take with respect thereto.

12.2 Lessor's Inspection Rights. The Lessor, any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee), the Note Purchasers and the Trustor each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, all at such reasonable times such as will not interfere with Lessee's ordinary business and as often as said parties may reasonably request.

12.3 Financial Reports and Inspection.

(a) The Lessee will furnish to the Trustor and the Note Purchasers the following:

(i) As soon as practicable and in any event within 120 days after the close of each fiscal year of the Lessee occurring after the date hereof, a balance sheet, statement of changes in financial position and income statement of the Lessee as at the end of such fiscal year, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year. Such annual balance sheet, annual statement of changes in financial position and annual income

statement shall be prepared in reasonable detail and in accordance with generally accepted accounting principles, and shall be accompanied by a report and opinion of independent certified public accountants of recognized standing selected by the Lessee, which report and opinion shall be based upon an examination made in accordance with generally accepted auditing standards;

(ii) As soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) of each fiscal year, a balance sheet, statement of changes in financial position, and income statement of the Lessee occurring after the date hereof, as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail, and certified by the chief financial officer of the Lessee, subject to changes resulting from year-end adjustments;

(iii) As soon as practicable and in any event within 5 days after such filing, copies of each quarterly and annual report required to be filed by the Lessee with the Interstate Commerce Commission; and

(iv) With reasonable promptness, such other financial data as Lessor or any Note Purchaser may reasonably request.

Together with each delivery of financial statements required by clause (i) above, the Lessee will deliver to the Trustor and the Note Purchasers a certificate of said accountants stating that, in making the audit necessary to the certification of such financial statements as required by clause (i) above, they have obtained no knowledge of any Event of Default under this Lease or, if any such Event of Default exists, specifying the nature and period of existence thereof. Each Note Purchaser is hereby authorized to deliver a copy of any financial statement delivered pursuant to this paragraph (a) to any regulatory body having jurisdiction over such Note Purchaser.

12.3 (b) The Lessee will permit any person designated by the Lessor, the Security Trustee, the Trustor or any Note Purchaser in writing, at its expense, to visit and inspect any of the properties of the Lessee or its affiliates, to examine the corporate books and financial records of the Lessee and its affiliates and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such corporations with the principal officers of the Lessee, all at such reasonable times and as often as it may reasonably request.

SECTION 13. RETURN OF EQUIPMENT.

13.1 Return Upon Expiration of Term.

(a) Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may reasonably designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 30 days from the date at which at least 90% of such Items are first placed in storage pursuant to this Section 13.1 and transport the same at any time within such 30-day period to any reasonable place on any railroad lines operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30

days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee, and in the event any Item of Equipment shall suffer a Casualty Occurrence during any such period of movement and storage, the Lessee shall pay the Lessor the Casualty Value therefor. During any such period of movement and storage, the Lessee will continue to maintain the insurance coverage required pursuant to Section 11.1 hereof. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence or intentional act of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

13.1 (b) Each Item of Equipment returned to the Lessor pursuant to this Section 13.1 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, qualified for use in interchange (ii) have attached or affixed thereto any part, addition or improvement title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any

readily removable addition to improvement title to which is vested in the Lessee pursuant to Section 8 hereof, (iii) meet the applicable standards then in effect for such Item of Equipment under all governmental laws, regulations, requirements and rules (including, without limitation, rules of the United States Department of Transportation, the Interstate Commerce Commission and interchange rules or supplements thereto of the Association of American Railroads), and (iv) be in condition suitable for further use in grain service reasonable wear and tear excepted.

13.1 (c) Until the earlier of (i) the date on which the Item of Equipment is assembled, delivered and stored as hereinabove provided, or (ii) the 30th day after the date of the expiration of the term of this Lease, the Lessee shall pay the Lessor \$15.00 per day for such Item. If any such Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the date of the expiration of the term of this Lease, the Lessee shall pay the Lessor the greater of an amount equal to (i) \$15.00 per day from said 30th day to the date of its assembly, delivery or storage as hereinabove provided, or (ii) all rental, per diem or other similar charges for the Equipment received therefor until such date of assembly, delivery and storage.

13.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as provided in Section

13.1 hereof are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1 Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) default shall be made in the payment of any amount provided for in this Lease and such default shall continue for five days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof;

(c) default shall be made in the observance or performance of any of the covenants, conditions and agreements on the part of the Lessee contained in Section 11.1 of this Lease;

(d) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(e) any representation or warranty made by the Lessee herein or in any written statement or certificate furnished to the Lessor, the Trustor, the Security Trustee or any Note Purchaser pursuant to or in connection with this Lease is untrue in any material respect as of the date of issuance or making thereof or, if such representation or warranty shall be continuing, shall become inaccurate in any material respect;

(f) a petition under any provision of Title 11 of the United States Code shall be filed by or against the Lessee and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations incurred by such trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier, or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. §1168, or any successor provision as the same may be hereafter amended;

(g) any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings or otherwise given the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

(h) the Lessee shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of rent under any lease agreement covering, material, real or personal property and the applicable grace period with respect thereto shall have expired; or

(i) there shall have occurred a default or revocation under that certain agreement of guaranty dated the date hereof (the "Guaranty") given by FSC Corporation (the "Guarantor").

14.2 Remedies. If any Event of Default has occurred and is continuing, the Lessor or Security Trustee at its option may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including attorneys' fees; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor or such assignee, as the case may be, may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such items for any purpose whatever, but the Lessor or such assignee, as the case may be, shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor or such assignee, as the case may be, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this

Lease over the then present worth of the then Fair Rental Value (as hereinafter defined) of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor or such assignee, as the case may be, reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 5% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rental payment date on or immediately preceding the date of termination over the amount the Lessor or such assignee, as the case may be, reasonably estimates to be the Fair Market Value (as hereinafter defined) thereof at such time; provided, however, that in the event the Lessor or such assignee, as the case may be, shall have sold any Item of Equipment, such party, in lieu of collecting any amounts payable thereto by the Lessee pursuant to the preceding clauses and with respect thereto may, if it shall so elect, demand that the Lessee pay such party and the Lessee shall pay to such party, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rental payment date on or immediately preceding the date of termination over the net proceeds of such sale, and any damages and expenses, other than a failure to pay rental, in addition thereto, including attorneys' fees, which the Lessor or such assignee, as the case may be, shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of this Section 14.2 and Section 18 of this Lease, the Fair Rental Value for any Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the

value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of such Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or if such appraisers cannot agree on the amount of such value, Appraiser shall mean a third independent appraiser chosen by the two appraisers chosen by the parties hereto. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The Fair Market Value for any Item of Equipment shall be determined in a similar manner using the same procedures with appropriate adjustments for sale rather than rental; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item. The expenses

and fees of the Appraiser shall be borne by the Lessee for the purposes of this Section 14.2 and shall be borne equally by the Lessor and the Lessee for the purposes of Section 18 of the Lease except as otherwise provided therein.

14.3 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor or any assignee pursuant to Section 16 hereof (including, without limitation, the Security Trustee), as the case may be, shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives, except as provided in the last paragraph of Section 2.1 hereof, any and all existing or future claims of any right to assert any offset against the rental payments or other payments due hereunder, and agrees to make all such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

14.4 Failure to Exercise Rights. The failure of the Lessor or the Security Trustee, as the case may be, to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies;

and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless it is in writing and signed by the Lessor and the Security Trustee.

14.5 Notice of Event of Default. The Lessee also agrees to furnish to the Trustor, Lessor, the Security Trustee and the Note Purchasers promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof and indicating the action the Lessee proposes to take with respect thereto. For the purposes of this Section 14.5, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee contained in this Lease, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1 Lessee's Duty to Return.

(a) If the Lessor or the Security Trustee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to

the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall, at its own cost, expense and risk (except as hereinafter stated):

(i) forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad or any other railroad as the Lessor may reasonably designate or, in the absence of such designation, as the Lessee may select and the Lessee shall be responsible for all storage expenses;

(ii) permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad without charge for insurance, rent or storage for a reasonable time until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(iii) transport the Equipment to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing.

15.1 (b) Each Item of Equipment returned to the Lessor pursuant to this Section 15 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and be qualified for use in interchange, (ii) have attached or affixed thereto any part, addition or improvement title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement title to which is vested in the Lessee pursuant to Section 8 hereof, (iii)

meet the applicable standards then in effect for such Item of Equipment under all governmental laws, regulations, requirements and rules (including, without limitation, rules of the United States Department of Transportation, the Interstate Commerce Commission and interchange rules or supplements thereto of the Association of American Railroads), and (iv) be in condition suitable for further use in grain service, reasonable wear and tear excepted. The Lessee shall certify that each Item of Equipment, when returned to the Lessor, is usable in grain service, reasonable wear and tear excepted; in the event any such Item is not so usable, Lessee shall, at its own cost and expense, repair, rehabilitate, recondition or perform such other similar work on the Item so as to render such Item usable, in the reasonable opinion of Lessor, in grain service, reasonable wear and tear excepted.

15.1 (c) Until the earlier of (i) the date on which an Item of Equipment is assembled, delivered and stored as hereinabove provided, or (ii) the 30th day after the date of termination of this Lease pursuant to Section 14 hereof, the Lessee shall pay the Lessor \$15 per day for such Item. If any such Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after termination of this Lease pursuant to Section 14 hereof, the Lessee shall pay the Lessor the greater of an amount equal to (i) \$15 per day from said 30th day to the date of its assembly, delivery or storage

as hereinabove provided, or (ii) all rental, per diem or other similar charges for the Equipment received therefor until such date of assembly, delivery and storage.

15.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

15.3 Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of such Item to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

16.1 Security Assignment. This Lease and all rent and all other sums due or to become due hereunder have been assigned for security to the Security Trustee. The rent and other sums payable by the Lessee hereunder, other than the amounts payable only to Lessor under Sections 6, 10.2, 11.1 and 21 hereof

shall be paid to the Security Trustee until the Lessee shall have been given timely and effective notice by the Security Trustee to pay the Lessor as provided in Section 2.3 hereof. All the rights of the Lessor hereunder (including, but not limited to, the right to receive the rentals payable under this Lease) shall inure to the benefit of the Security Trustee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Security Trustee in and to the sums payable by the Lessee under any provision of this Lease shall not (except as provided in the last paragraph of Section 2.1 hereof) be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Security Trustee or any further assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of this assignment, (ii) said

assignees shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable only to the Lessor pursuant to Sections 4.2, 6, 10.2, 11.1, 21 and 23.2 hereof which shall remain enforceable by the Lessor or the Trustor, as the case may be), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in the Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be enforceable by the Lessee against, and only against, the Lessor.

16.2 Other Assignment. The Lessor may otherwise sell and assign all of its right, title and interest in and to the Equipment and this Lease, subject to the interest of the Security Trustee and other existing restrictions on transfer of Lessor's interest therein, and upon notice to Lessee of such sale and assignment, Lessor's assignee shall succeed to all of Lessor's rights and obligations hereunder.

SECTION 17. ASSIGNMENTS AND SUBLETTING BY LESSEE;
USE AND POSSESSION.

17.1 Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the quiet enjoyment and peaceful possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor and the Security Trustee, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not without the prior written consent of the Lessor and the Security Trustee, part with the possession or control of any of the Equipment, except to the extent permitted by the provisions of Sections 17.2 and 17.3 hereof.

17.2 Use and Possession on Lines Other than Lessee's Own. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation, a majority of whose voting stock having ordinary voting power for the election of a majority of its Board of Directors is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corpora-

tion has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract and also to permit the use of any Item of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof), outside the continental United States. The Lessee further agrees that, anything in this Section 17.2 to the contrary notwithstanding, the use of the Equipment outside the continental United States shall not exceed ninety (90) days in any annual period or such shorter period as may be permitted by Sections 48(a) or 861(f) of the Internal Revenue Code as amended from time to time. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

17.3 Sublease. Lessee shall have the right to sublease the Equipment in the course of its normal business operations subject to the following conditions:

(a) Lessee shall include in the annual Officer's Certificate required under Section 12.1 herein a list of all Items of Equipment currently subject to a sublease along with a list of the corresponding sublessees.

(b) The sublease does not release Lessee of any of its obligations under this Lease.

(c) The sublease is expressly subject to all the provisions of this Lease and shall specify that the sublease shall terminate at any time the Lessor terminates the lease even if the sublease shall not be in default. The sublease must terminate at or before termination of this Lease. The sublease may not contain any right to purchase any Items of Equipment.

(d) Lessee hereby assigns to Lessor all of Lessee's rights in any sublease of any of the Items of Equipment as security for the performance of Lessee's obligations hereunder. Following the execution of any such sublease which has an original term of at least one year or by options contained therein may be so extended, Lessee shall forthwith prepare and deliver to Lessor for execution a Security Agreement Supplement dated the date of such sublease substantially in the form of Exhibit E to this Lease with appropriate insertions. Lessee shall promptly file any such Security Agreement Supplement in accordance with Section 10.1 hereof.

(e) Lessee will not modify or amend any sublease assigned pursuant to a Security Agreement Supplement without the prior written consent of the Lessor if such modification or amendment would impair the security provided by the assignment hereunder. Lessee will deliver to the Lessor copies of all such subleases assigned pursuant to this Section 17.3 and copies of all modifications thereof. Upon the occurrence of an Event of Default hereunder or other event which with notice or the lapse of time or both would be an Event of Default hereunder and the written direction of the Lessor, Lessee will forthwith from time to time transmit and deliver to the Lessor, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed, where required, so that such items may be collected by the Lessor) which may be received by Lessee at any time under any sublease permitted by this Section 17.3. Upon such notice and until delivery to the Lessor, such items shall not be commingled

by Lessee with any of its other funds or property, but will be held separate and apart from such other funds and property and upon trust for the Lessor.

SECTION 18. PURCHASE AND RENEWAL RIGHT.

The Lessor shall make a good faith determination of whether it will retain, sell or relet the Items of Equipment at the expiration of the term of this Lease and, if it determines to sell or relet any such Items, it shall, not less than 180 days prior to such expiration, give the Lessee written notice of such determination. The Lessee shall then have the right, in accordance with the Lessor's election to sell or relet such Items, to purchase such Items at their Fair Market Value or to relet such Items, on the same terms and conditions as are contained in this Lease, at their Fair Rental Value. The Lessee shall, not less than 120 days prior to the expiration of this Lease, give the Lessor written notice of its intention to so purchase or relet such Items. Fair Market Value and Fair Rental Value shall have the respective meanings set forth in Section 14.2 above. In the event that Lessee elects not to purchase or lease the Items at the Fair Market Value or Fair Rental Value determined by the Appraiser as provided in Section 14.2, then the expenses and fees of the Appraiser shall be borne solely by Lessee.

SECTION 19. INTEREST ON OVERDUE RENTALS.

Anything to the contrary herein contained notwithstanding, any nonpayment of rent or any other amount due hereunder shall result in the additional obligation on the part of

the Lessee to pay also an amount equal to the greater of (a) 1% in excess of the posted prime rate of interest referred to in Section 11.2 hereof or (b) 12% per annum on the overdue rentals or other amount for the period of time during which they are overdue.

SECTION 20. LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns that this Lease is executed by The Connecticut Bank and Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or the Trustor, or for the purpose of or with the intention of binding The Connecticut Bank and Trust Company or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by The Connecticut Bank and Trust Company solely in the exercise of the powers expressly conferred upon The Connecticut Bank and Trust Company as Trustee under the Trust Agreements, that actions taken by the Lessor pursuant

to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut Bank and Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee, and that so far as The Connecticut Bank and Trust Company or the Trustor, individually or personally, is concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease. The term "Lessor" as used in this Lease shall include any trustee succeeding The Connecticut Bank and Trust Company as Trustee under the Trust Agreement or the Trustor if the Trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the Trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

SECTION 21. INDEMNITY FOR INCOME TAX BENEFITS;
INDEMNITY FOR IMPROVEMENTS.

21.1 Intended Tax Benefits. It is the intent of the Lessor that this Lease will be recognized as a lease for all federal, state, city and local income taxes or franchise taxes imposed on or measured by net income, and that this Lease does not convey to the Lessee any right, title or interest in the Items except as lessee and that for United States income tax purposes (and to the extent applicable, for state and local tax purposes), the Trustor shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), to an owner of property including, without limitation, (i) the maximum depreciation deduction with respect to the Items authorized under Section 167 of the Code utilizing the lower limit for Asset Guideline Class No. 00.25 in accordance with Section 167(m) of the Code based on the aggregate purchase price of the Items, employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method without the consent of the Commissioner of Internal Revenue when most beneficial to the Trustor, and taking into account an estimated gross salvage value of 20% of the purchase price of the items, which will be reduced by 10% of such purchase price as provided in Section 167(f) of the Code (such deduction is hereinafter referred to as the "ADR Deduction"); (ii) deduc-

tions with respect to interest payable on the Notes (as that term is defined in the Security Agreement) issued by the Lessor pursuant to Section 163 of the Code (such deduction is hereinafter referred to as the "Interest Deduction"); and (iii) the full 10% investment credit with respect to the aggregate purchase price of the Items pursuant to Section 38 and related sections of the Code (such credit is hereinafter referred to as the "Investment Credit").

21.2 Actions of Lessee. The Lessee agrees that neither the Lessee nor any corporation controlled by the Lessee, in control of the Lessee, or under common control with the Lessee, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the tax benefits described in Section 21.1 hereof or which would increase the amount of rentals required to be taken into income by the Trustor over the amount specified to be payable under this Lease on the dates due hereunder, and that each will file such returns, take such actions and execute such documents as may be necessary or appropriate to facilitate the intent hereof. The Lessee agrees to keep and make available for inspection and copying such records as will enable the Trustor to determine the extent to which it is entitled to the benefit of the ADR Deduction, the Interest Deduction, and Investment Credit with respect to the Items.

21.3 Representations and Warranties of Lessee. The Lessee represents and warrants that (i) the Lessee will not by act or omission claim ownership of the Items for Federal income tax purposes; (ii) the Lessee will not use or fail to use any Item in a manner which will cause such Item to cease to be "section 38 property" within the meaning of section 48(a) of the Code; (iii) the Lessee will maintain sufficient records to verify such use; (iv) upon request of the Trustor, the Lessee will provide written reports establishing such use; (v) the Lessee will not take any act impairing the right of the Trustor to the Interest Deduction; (vi) for Federal income tax purposes, the Lessee will not do anything to cause any amount includible in the gross income of the Trustor with respect to the Items under this Lease to be treated as derived from, or allowable to, sources outside the United States; and (vii) the Lessee will not claim that it is the owner of the Items at any time prior to the exercise of any right to purchase the Items pursuant to Section 18 of this Lease.

21.4 Indemnification. If a violation of Section 21.2 or 21.3 occurs, and therefore the Trustor shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture all or any portion of the ADR Deduction, the Investment Credit or the Interest Deduction with respect to all or part of any Item or if for Federal income tax purposes any item of income, loss or

deduction with respect to any Item is treated as derived from, or allocable to, sources without the United States (any such event being hereinafter called a "Loss"), then the rentals for such Item set forth in Section 2 of this Lease shall, on the next succeeding rental payment date after written notice to the Lessee by the Trustor of such fact be increased to such amount or amounts as (after deduction of all taxes required to be paid by the Trustor or the payment of such amounts under the laws of the United States or any political subdivision thereof or any foreign taxing authority, in each case calculated on the assumption that such tax is payable at the Trustor's highest then applicable marginal tax rate), when taken together with the rental installments due on such dates which are to be distributed to the Lessor, shall, in the reasonable opinion of the Trustor, cause the Trustor's net after-tax yield on and rate of recovery of investment and the annual net cash flows (computed on the assumptions utilized by the Trustor in evaluating this Lease) to equal the net after-tax yield on and rate of recovery of investment and annual net cash flows that would have been realized by the Trustor if such Loss had not occurred and the Lessee shall in addition forthwith pay to the Lessor as additional rental an amount which (after deduction of any additional taxes imposed with respect to such payment calculated on the assumption that such taxes are payable at the then highest applicable marginal tax rate) equals the amount of any

interest and penalties which may be imposed in connection with such Loss. Upon reasonable request, Lessor will permit, at Lessee's expense, an auditor of national reputation to verify Lessor's tax calculations with respect thereto.

21.5 Alterations.

(a) If the Trustor determines on the basis of the advice of its independent tax counsel that it is necessary to include in its gross income for Federal, state or local income tax purposes the value of any addition, replacement, modification or improvement to the Equipment made by the Lessee, under and pursuant to the terms of this Lease or otherwise made by the Lessee (all such additions, replacements, modifications or improvements are hereinafter referred to as "Alterations"), the Lessee shall pay as additional rental on each of the dates provided in this Lease for payments of the installments of rental commencing with the first such date following the date on which Lessee is required to furnish written notice of such inclusion to the Trustor pursuant to Section 21.5(b), such additional amounts which (after deduction of all taxes required to be paid by the Trustor on the receipt thereof under the laws of the United States or any political subdivision thereof at the highest marginal corporate rates), when taken together with the amount of any rental installments due on such dates under the Lease, will, in the reasonable opinion of the Trustor, cause the Trustor's net after-tax yield on and rate of recovery of

investment and annual net cash flows (computed on the same assumptions as utilized by the Trustor in evaluating this Lease) to equal the net after-tax yield on and rate of recovery of investment and annual net cash flows that would have been realized if the value of any such Alteration had not been includible in the Trustor's gross income (which payment shall also give effect to any Federal, state or local income tax required to be paid by the Trustor as a result of such payment). Upon reasonable request, Lessor will permit, at Lessee's expense, an auditor of national reputation to verify Lessor's tax calculations with respect thereto.

21.5 (b) The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Trustor gives the Lessee written notice that the Trustor's taxable year closes on a date specified therein which is other than December 31, within 30 days after such specified date), in which the Lessee has made Alterations which are includible in the gross income of the Trustor for income tax purposes under this Section 21, the Lessee shall give written notice thereof to the Trustor describing such Alterations in detail and specifying the value thereof with respect to the Equipment.

21.6 Adjustment of Casualty Values. In the event payments are required of the Lessee pursuant to this Section 21, the Casualty Values set forth in Section 11 and Exhibit "D" of this Lease and the damages and amounts required pursuant to

Section 14.2(b) of this Lease shall be adjusted accordingly. Upon reasonable request Lessor will permit, at Lessee's expense, an auditor of national reputation to verify Lessor's calculations with respect thereto.

21.7 Survival; Trustor; Payment. The Lessee's obligations to make any payments pursuant to this Section 21 shall survive the expiration or other termination of this Lease. In the event that this Lease is terminated with respect to any Item prior to the time the Lessee is obligated to make payments to the Lessor as set forth in this Section 21, then the Lessee shall pay to the Lessor, in lieu of such payments, on or before 30 days after the liability of the Lessee in respect of such termination hereunder shall become fixed, such lump sum (calculated in the same manner as set forth for other payments required pursuant to this Section 21.4), as shall be necessary in the reasonable opinion of the Trustor to maintain Trustor's net after-tax yield on and rate of recovery of investment and the annual net cash flows (computed on the assumptions utilized by the Trustor in evaluating this Lease) in respect of such Item hereunder at the same level that would have been available if such Loss had not occurred. In determining the extent to which the Trustor receives credit for any foreign tax against its Federal income tax liability, it shall be assumed that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any

foreign taxes indemnified hereunder which are claimed as credits for such year. Upon reasonable request, Lessor will permit, at Lessee's expense, an auditor of national reputation to verify Lessor's tax calculations with respect thereto. For purposes of this Section 21, the term "Trustor" shall include any affiliated group of which the Trustor is a member if consolidated, joint, or combined returns are filed for such affiliated group for Federal, state or local income tax purposes. All payments required to be made by the Lessee pursuant to this Section 21 shall be made in immediately available funds to such bank in the continental United States for the account of the Lessor as it may from time to time have directed the Lessee in writing.

SECTION 22. WARRANTIES AND REPRESENTATIONS OF THE LESSEE.

The Lessee warrants and represents to the Trustee, the Security Trustee, the Trustor, and each Note Purchaser, as follows:

(a) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and the Lessee is duly qualified to do business and in good standing in each other jurisdiction in which the business and activities of the Lessee require such qualifications.

(b) The Lessee has the full power, authority and legal right to carry on its business as now conducted, and to own the properties it now owns. The Lessee has full power, authority and legal right to execute and deliver this Lease, and to fulfill and comply with the terms, conditions and provisions hereof.

(c) This Lease has been duly executed and delivered by the Lessee and, assuming due authorization, execution and delivery thereof by the Lessor, is a legal, valid and binding agreement of the Lessee enforceable against the Lessee in accordance with its terms.

(d) There is no action, suit, investigation or proceeding pending or, to the best knowledge of the Lessee, threatened against or affecting the Lessee, or any properties or rights of the Lessee before any court or arbitrator or administrative or governmental body which if adversely determined might result in any material adverse change in the business, condition or operations of the Lessee, or the ability of the Lessee to pay, when due, the rentals provided for in the Lease or the ability of the Lessee to perform its obligations under this Lease. The Lessee is not in material default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or governmental department, commission, board, bureau, agency or instrumentality which would affect the Lessee's ability to perform its obligations under this Lease.

(e) Execution and delivery by the Lessee of this Lease, the consummation of the transactions herein contemplated, and the fulfillment of the terms hereof and the compliance by the Lessee with the terms and provisions hereof (i) is not prohibited by any applicable law, regulation, order, writ, injunction or decree of any court or government instrumentality, and does not constitute a default under, or with notice or lapse of time, or both, will not constitute a default under or result in the creation of any lien, charge, security interest or other encumbrance upon any property or assets of the Lessee pursuant to the Charter or By-Laws of the Lessee, any indenture, agreement or other instrument to which the Lessee is a party or by which the Lessee may be bound, and (ii) shall not subject the Lessee to any tax, penalty or liability under or pursuant to any applicable law or governmental regulation. The Lessee is not in default in the performance of any covenant or condition made in

respect of any outstanding indebtedness, indenture, material agreement or other instrument, and no holder of any such outstanding indebtedness or party to any such indenture, agreement or other instrument has given the Lessee notice of any asserted default thereunder. The Lessee is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially adversely affects the business, properties or assets or the financial condition of the Lessee.

(f) No Event of Default as defined in this Lease has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default under this Lease.

(g) No authorization or approval of any governmental agency or commission or public or quasi-public body or authority of the United States of America, any State thereof, or the District of Columbia, or of any department or subdivision of any such State or the District of Columbia is necessary for the due execution and delivery by the Lessee of this Lease, or for the validity or enforceability of any provisions hereof as against the Lessee.

(h) No mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any property or interest therein of the Lessee, now attaches or hereafter will attach to any Item of Equipment or in any manner affects or will affect adversely the right, title and interest of the Lessor or security interest of the Security Trustee therein.

(i) The Lessee has filed all foreign, Federal, state and local tax returns which to its knowledge are required to be filed, and has paid or made provision for the payment of all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than taxes which are being contested in good faith and which in the aggregate do not involve material amounts.

(j) The Lessee has furnished the Lessor and the Security Trustee with the following financial statements, identified by a principal financial officer of the Lessee: a balance sheet, statement of changes in financial position, and income statement for Lessee as of the end of the most recently completed fiscal year. Such financial statements (including any related statements, schedules or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments) and have been prepared in accordance with generally accepted accounting principles or accounting principles required for railroads by the Interstate Commerce Commission consistently followed throughout the periods involved and show all material liabilities, direct and contingent, of the Lessee required to be shown in accordance with such principles. The balance sheets fairly present the financial condition of the Lessee as at the dates thereof, and the statements of income fairly present the results of the operations of the Lessee for the periods indicated. There has been no material adverse change in the business, condition or operations (financial or otherwise) of the Lessee, taken as a whole since the date of these financial statements.

(k) Each Item of Equipment from and after the date of the Certification of Acceptance with respect thereto will be covered by the insurance required by Section 11 of this Lease and all premiums due on or prior to the date thereof in respect of such insurance will be paid in full.

(l) The Lessee is not entering into this Lease or any other transaction contemplated hereby, directly or indirectly, in connection with any arrangement or understanding in any way involving any employee benefit plan or related trust (other than a governmental plan) with respect to which it, or to its knowledge, the Trustor, any Note Purchaser, or the Lessor in its individual capacity, or any of their affiliates, is a party in interest, all within the meaning of the Employment Retirement Income Security Act of 1974.

SECTION 23. WARRANTIES AND REPRESENTATIONS OF THE

LESSOR.

The Lessor warrants and represents to the Lessee as follows:

(a) The Lessor (i) is a banking corporation duly organized, validly existing and in good standing under the laws of the state of Connecticut, (ii) has all requisite power and authority and all necessary licenses and permits to enter into and carry out, as Lessor, the terms and provisions of this Lease, and (iii) has full right, power and authority under the Trust Agreement to enter into and carry out the terms and provisions hereof.

(b) There are no actions, suits, investigations, or proceedings pending, or to the knowledge of the Lessor threatened, and to the knowledge of the Lessor there is no existing basis for any such proceedings, against or affecting the Lessor in any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, would materially and adversely affect the trust estate created by the Trust Agreement or would impair the right, power and authority of the Lessor to enter into or perform hereunder.

(c) The Equipment is free and clear of any liens or encumbrances which result from claims against the Lessor not related to the ownership of the Equipment or the administration of the trust estate under the Trust Agreement. The Lessor has not by affirmative act conveyed title to the Equipment to anyone or subjected the Equipment to any lien or encumbrance, other than the Security Agreement.

(d) To the knowledge of the Lessor, no Event of Default or event which with the passing of time or the giving of notice, or both, would constitute an Event of Default under the Security Agreement has occurred and is continuing. For purposes of this Section, knowledge of the Lessor shall mean actual knowledge of an officer or employee of the Lessor in its Corporate Trust

Department. The Lessor is not in violation in any respect of any term of the Trust Agreement.

(e) Neither the nature of the trust estate under the Trust Agreement nor any relationship between the Lessor and any other person or the execution and delivery of this Lease is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental authority of Connecticut or of the United States of America on the part of the Lessor in connection with the execution and delivery of this Lease.

(f) The Lease and the Security Agreement have been duly authorized by the Lessor, and assuming due authorization, execution and delivery thereof by the other parties thereto, constitute or will then constitute valid, legal and binding agreements, enforceable against the Lessor in accordance with their terms.

The warranties and representations made by the Lessor in paragraphs (a), (c) and (e) of this Section shall be binding upon Lessor both as trustee and in its individual capacity notwithstanding the provisions of Section 20 hereof.

SECTION 24. MISCELLANEOUS.

24.1 Notices. Any notice required or permitted to be given pursuant hereto shall be deemed delivered two business days after deposit thereof at any United States main or branch post office, certified or registered mail, postage prepaid, addressed as follows:

If to the Lessor:

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115
Attention: Corporate Trust Department

If to the Trustor:

Heleasco Six, Inc.
Suite 203, Springer Building
3411 Silverside Road
Wilmington, Delaware 19810
Attention: President

With a concurrent copy to:

Helios Capital Corporation
Radnor Corporate Center
100 Matsonford Road
Radnor, Pennsylvania 19087

If to the Lessee:

James B. Shein, President
Funding Systems Railcars, Inc.
Tri-State Center, Suite 370
2215 Sanders Road
Northbrook, Illinois 60062

With a concurrent copy to:

FSC Corporation
1000 RIDC Plaza
Pittsburgh, PA 15238
Attention: Treasurer

If to the Security Trustee:

Continental Illinois National Bank and
Trust Company of Chicago
30 North LaSalle Street
Chicago, Illinois 60693
Attention: Corporate Trust Department

If to the Note Purchasers:

Addresses in Exhibit "F" attached
hereto

or addressed to any such party at such other address as such
party shall hereafter furnish to such other parties in writing.

24.2 Right of the Lessor to Perform. If the Lessee
fails to perform or comply with any of its covenants herein

contained, either the Lessor or the Security Trustee may, but shall not be obligated to, make advances or perform the same and take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate provided in Section 11.2 hereof.

24.3 Opinions and Authorizing Resolutions. At the execution of this Lease, Lessee shall have furnished to Trustor, the Note Purchasers and the Security Trustee certified copies of the resolutions authorizing the Guaranty and this Lease, together with an opinion of counsel on behalf of Lessee and Guarantor to the effect that the Guaranty or Lease, as appropriate, has been duly authorized, executed and delivered and constitutes the valid and binding obligation of the Guarantor or Lessee as appropriate and further to the effect outlined in Section 22(a), (b), (d), (e), (g) and (h). The opinion of counsel on behalf of Lessee shall also advise that the Lease and Security Agreement-Trust Deed Supplement dated as of January 1, 1981 have each been duly filed with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 so as to make effective of record the interest created by said instrument, and no other filings or recordations are necessary in the United States.

24.4 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

24.5 Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

24.6 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

24.7 Severability; Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Items and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall

be valid unless in writing and signed by duly authorized representatives of the Lessor and the Lessee.

24.8 Survival. All warranties, representations and covenants made by the Lessee herein or in any certificate or other instrument delivered by the Lessee or on behalf of the Lessee under this Lease shall be considered to have been relied upon by the Lessor, any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee), and the Trustor and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by any such party or on behalf of any such party. All statements in any such certificate or other instrument shall constitute warranties and representations of the Lessee.

24.9 Cooperation with Security Trustee. Lessee agrees to take such steps and execute such documents as the Security Trustee may reasonably require in order to confirm the security interest of the Security Trustee in the Equipment and this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

[Corporate Seal]

Attest:

Flan
Authorized Officer

[Corporate Seal]

Attest:

James T. Hunt
Authorized Officer

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but
solely as Trustee

By: [Signature]
Authorized Officer

FUNDING SYSTEMS RAILCARS, INC.

By: James B. Klein

STATE OF CONNECTICUT:

SS.

COUNTY OF HARTFORD :

On this 18th day of March, 1981, before me personally appeared DONALD E. SMITH, to me personally known, who being by me duly sworn, says that he is an authorized officer of The Connecticut Bank and Trust Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

My Commission Expires:

Sherree M. Daniels
Notary Public
SHEREE M. DANIELS
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1985

STATE OF Illinois :

SS.

COUNTY OF COOK :

On this 26th day of March, 1981, before me personally appeared James B. Shein, to me personally known, who being by me duly sworn, says that he is an authorized officer of Funding Systems Railcars, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

My Commission Expires:

Carmen Montagano
Notary Public

AGREED TO AND ACKNOWLEDGED
FOR HELEASCO SIX, INC.

By: R. L. Beckershoff **PRESIDENT**

Attest: J. W. Turner

(Corporate Seal)

STATE OF DELAWARE :
COUNTY OF NEW CASTLE : SS

On this 16 day of March, 1981, before me personally appeared R. L. Beckershoff, to me personally known, who, being by me duly sworn, says that he is President of Heleasco Six, Inc., that said instrument was agreed to and acknowledged on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the acknowledgement of the foregoing instrument was the free act and deed of said corporation.

Jay L. Konza
Notary Public
My Commission expires Feb. 27, 1983.

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: Thrall Car Manufacturing

Description of Equipment: 100-ton Covered Hopper Cars Marked
and Numbered ROCK 801285 to ROCK
801499, both inclusive

Number: Up to 215, the exact number to be
specified by Lease Supplement in
the form of Exhibit "C" to the
Equipment Lease

Base Purchase Price of
Equipment to Lessor: \$ 36,003 per Item

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To: The Connecticut Bank and Trust Company
not in its individual capacity but solely
as Trustee (the "Lessor")

I, a duly appointed and authorized representative of Funding Systems Railcars, Inc. as Lessee under an Equipment Lease dated as of January 1, 1981 with you as Lessor (the "Lease"), do hereby certify that I have inspected, received, approved and accepted delivery on behalf of the Lessee under said Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: 100-ton Covered Hopper Cars
MANUFACTURER: Thrall Car Manufacturing Company
PLACE ACCEPTED:
DATE ACCEPTED:
NUMBER OF ITEMS:
MARKED AND NUMBERED:

I do further certify on behalf of the Lessee that the foregoing Items of Equipment are in good order and condition and are accepted for all purposes under the Lease. Each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Owned by a Bank or Trust Company and Subject
to a Security Interest Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: _____, 1981.

Inspector and Authorized
Representative of the Lessee

Exhibit "B"
(to Equipment Lease)

LEASE SUPPLEMENT

No. ____

This Supplement dated as of January 1, 1981 to the Equipment Lease dated as of January 1, 1981 between The Connecticut Bank and Trust Company as Lessor, not in its individual capacity but solely as Trustee, and Funding Systems Railcars, Inc., as Lessee, is executed by the Lessee to provide the new road numbers assigned by Lessee to Items of Equipment previously accepted by Lessee under the Equipment Lease.

The Lessee hereby certifies that the following new road numbers have been assigned to Items of Equipment under the Lease as follows:

Old Road Numbers

New Road Numbers

In Witness Whereof, the Lessee has caused its duly authorized officer to execute this Supplement this ____ day of _____, 1981.

FUNDING SYSTEMS RAILCARS, INC.

(Corporate Seal)

By: _____

Attest: _____

COUNTY OF _____ ss.
:

On this ____ day of _____, 1981, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is an authorized officer of Funding

Systems Railcars, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Notary Public

SCHEDULE OF CASUALTY VALUES

The Casualty Value for an Item of Equipment payable on the Lease Term Commencement Date or any Fixed Rental Payment Date thereafter shall mean the amount set forth opposite such date in the following schedule:

TABLE I

<u>Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Casualty Value Per Unit</u>
6/15/81	44,167
9/15/81	44,541
12/15/81	44,881
3/15/82	44,286
6/15/82	42,007
9/15/82	42,325
12/15/82	42,637
3/15/83	42,030
6/15/83	42,306
9/15/83	42,581
12/15/83	42,852
3/15/84	42,035
6/15/84	39,673
9/15/84	39,866
12/15/84	40,058
3/15/85	39,198
6/15/85	39,358
9/15/85	39,526
12/15/85	39,695
3/15/86	38,690
6/15/86	36,235
9/15/86	36,347
12/15/86	36,361
3/15/87	35,262
6/15/87	35,241
9/15/87	35,234
12/15/87	35,231

TABLE I cont.

Fixed Rental Payment
Date on which Casualty
Value is Paid

Casualty Value Per Unit

3/15/88	\$34,020
6/15/88	33,990
9/15/88	33,986
12/15/88	33,992
3/15/89	32,735
6/15/89	32,713
9/15/89	32,717
12/15/89	32,732
3/15/90	31,444
6/15/90	31,435
9/15/90	31,456
12/15/90	31,313
3/15/91	29,814
6/15/91	29,619
9/15/91	29,447
12/15/91	29,278
3/15/92	27,725
6/15/92	27,514
9/15/92	27,342
12/15/92	27,180
3/15/93	23,914
6/15/93	25,495
9/15/93	25,365
12/15/93	25,272
3/15/94	23,914
6/15/94	23,838
9/15/94	23,774
12/15/94	23,703
3/15/95	22,346
6/15/95	22,186
9/15/95	22,035
12/15/95	21,875
3/15/96	20,490
6/15/96	20,232
9/15/96	19,975
12/15/96	19,703

TABLE 1 cont.

Fixed Rental Payment
Date on which Casualty
Value is Paid

Casualty Value Per Unit

3/15/97	\$18,277
6/15/97	17,899
9/15/97	17,515
12/15/97	17,108
3/15/98	15,633
6/15/98	15,111
9/15/98	14,574
12/15/98	14,006
3/15/99	12,472
6/15/99	11,778
9/15/99	11,122
12/15/99	10,502
3/15/00	9,917
6/15/00	9,364
9/15/00	8,843
12/15/00	8,350
3/15/01	7,885
thereafter	7,445

SECURITY AGREEMENT - TRUST DEED SUPPLEMENT

NO. _____

Security Agreement - Trust Deed Supplement No. _____ dated _____, 1981 ("this Supplement") from THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely as trustee (the "Debtor") under a Trust Agreement dated as of November 15, 1978, as amended (the "Trust Agreement") with Heleasco Six, Inc., a Delaware corporation (the "Trustor"), to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, not individually but solely as Security Trustee (the "Secured Party").

Whereas, the Debtor and the Secured Party have executed and delivered a certain Security Agreement-Trust Deed dated as of November 15, 1978, as amended and supplemented (the "Security Agreement");

Whereas, the Security Agreement was filed and recorded with the Interstate Commerce Commission under Section 11303 of Title 49 of the United States Code on February 2, 1979 as Document No. 10071, and the following Security Agreement - Trust Deed Agreement Supplement(s) were filed and recorded with the Interstate Commerce Commission as follows:

<u>Supplement No.</u>	<u>Date of Supplement</u>	<u>Date of ICC Filing</u>	<u>ICC Recordation Number</u>
1	_____	____/____/81	_____

Whereas, the Debtor has executed and delivered an Equipment Lease dated as of January 1, 1981 (the "Lease") providing for the lease of the equipment described more particularly in Schedule A to the Lease (collectively referred to as the "Equipment") to Funding Systems Railcars, Inc., a Delaware corporation (the "Lessee"); and

[Filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on _____, 19__, at _____ .m., recordation number _____.]

Exhibit "E"
(to Equipment Lease)

Whereas, in order to secure the Debtor's 11% Notes, the Debtor agreed to assign all its right, title, and interest in the Equipment, including the equipment described in Supplemental Schedule A attached hereto as renumbered in accordance with the Lease (the "Supplemental Equipment") and certain leases of the Equipment described in the Lease, including the leases described in Supplemental Schedule B attached hereto (the "Supplemental Leases"), and grant a security interest in the same to the Secured Party.

NOW, THEREFORE, in consideration of the premises, the Debtor does hereby agree as follows:

1. The Debtor has conveyed, warranted, mortgaged, assigned, pledged and granted the Secured Party a security interest in all of the Debtor's right, title and interest in and to the properties, rights, interests and privileges more fully described in Sections 1.1 and 1.2 of the Security Agreement, including the Supplemental Equipment and the Supplemental Leases. This Supplement evidences and confirms the subjection of the Supplemental Equipment and the Supplemental Leases to the rights and security interest of the Secured Party created by the Security Agreement. To the extent, if any, that the Security Agreement may not be effective in granting a security interest in the Supplemental Equipment and the Supplemental Leases to the Secured Party, the Debtor does by this Supplement hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party a security interest in the Supplemental Equipment described in Supplemental Schedule A hereto and in the Supplemental Leases described in Supplemental Schedule B hereto, subject to the limitations set forth in Section 1.4 of the Security Agreement and to the Excepted Rights in Collateral (as defined in Section 1.6 of the Security Agreement).

2. It is expressly understood and agreed by and between the Debtor, the Secured Party, and the Trustor and their respective successors and assigns that this Supplement is executed by The Connecticut Bank and Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or the Trustor, or for the purpose or with the intention of binding The Connecticut Bank and Trust Company or the Trustor personally,

but are made and intended for the purpose of binding only the Trust Estate (as defined in the Trust Agreement), that this Supplement is executed and delivered by The Connecticut Bank and Trust Company solely in the exercise of the powers expressly conferred upon The Connecticut Bank and Trust Company as Trustee under the Trust Agreement, that actions taken by the Debtor pursuant to its obligations hereunder may, in certain instances, be taken by the Debtor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut Bank and Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Secured Party and by each and every person now or hereafter claiming by, through or under the Secured Party, and that so far as The Connecticut Bank and Trust Company or the Trustor, individually or personally is concerned, the Secured Party and any person claiming by, through or under the Secured Party shall look solely to the Trust Estate for the performance of any obligation under this Supplement; provided that nothing in this Section shall be construed to limit in scope or substance those representations and warranties, if any, of The Connecticut Bank and Trust Company made expressly in its individual capacity set forth in the Participation Agreement and the Security Agreement. The term "Debtor" as used in this Supplement shall include any trustee succeeding The Connecticut Bank and Trust Company as Trustee under the Trust Agreement or the Trustor if the Trust created thereby is revoked. Any obligation of the Debtor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Supplement shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

IN WITNESS WHEREOF, the Debtor has caused this
Security Agreement - Trust Deed Supplement No. ____ to
be executed and delivered this _____ day of _____,
19__.

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Trustee

By _____
Authorized Officer

SEAL

ATTEST:

By _____

STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

On this ____ day of _____, 19__, before
me personally appeared _____, to me personally
known, who being by me duly sworn, says that he is an autho-
rized officer of THE CONNECTICUT BANK AND TRUST COMPANY,
that one of the seals affixed to the foregoing instrument
is the corporate seal of said corporation, that the instru-
ment was signed and sealed on behalf of said corporation
by authority of its Board of Directors, and he acknowledged
that the execution of the foregoing instrument was the
free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

Exhibit "E"
(to Equipment Lease)

Name and Address
of Note Purchasers

The Prudential Insurance
Company of America
Prudential Plaza
Chicago, IL 60601
Attention: James D. Neidhart,
Vice President, Corporate Finance

Bankers Life Insurance Company
of Nebraska
Cotner & "O" Street
Lincoln, NB 68501
Attention: Mr. Jon Headrick

American Mutual Life Insurance Company
418 Sixth Avenue
Des Moines, IA 50309
Attention: Mr. William R. Engel

American Life and Casualty
Insurance Company
P.O. Box 2507
Fargo, ND 58102
Attention: Securities Department

Southern Life & Health
Insurance Company
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